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EX PARTE OR LATE FILED

April 9, 1999

NOTICE OF EX PARTE PRESENTATION

RECEIVED

APR 09 1999

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Magalie R. Salas, Esq.
Secretary
Federal Communications Commission
Portals II Building
445 Twelfth Street, S.W.
Washington, D.C. 20554

Re: *In the Matter of Implementation of the Non-Accounting Safeguards of
Sections 271 and 272 of the Communications Act of 1934, as amended,
CC Docket No. 96-149*

Dear Ms. Salas:

Please be advised that yesterday, Kathy Rehmer (Executive Director-Regulatory Planning, SBC Telecommunications, Inc.) and Diana Harter (Senior Counsel, SBC Communications Inc.), met with Michelle Carey and Audrey Wright of the Common Carrier Bureau's Policy and Program Planning Division in connection with the above-referenced proceeding. The purpose of the meeting was to discuss the major issues raised in the various petitions for reconsideration and SBC's stated position that the Commission should conclude that Sections 271 and 272 do not require that out-of-region interLATA information services be provided through a separate affiliate. The attached document served as a basis for the discussion.

The presentation did not include any new information or arguments not already reflected in the Company's filings in the proceeding. In accordance with the Commission's rules concerning ex parte communications, an original and one copy of this notification are provided herewith. Please contact me if you have any questions.

Respectfully submitted,

Todd F. Silbergeld

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Attachment

cc: Ms. Carey
Ms. Wright

Non-Accounting Safeguards Proceeding

Petitions for Reconsideration

CC Docket No. 96-149

Presentation by SBC Communications Inc.

April 8, 1999



Marketing & Sales

- Marketing and Sales includes “customer inquiries, sales functions and ordering”
- Marketing encompasses activities before, during and after the sale
- Other determinations will be made on a case-by-case basis -- no cases are currently before the FCC



Marketing & Sales

- It is impossible to split post-sale customer care from “marketing & sales”, as customer inquiries include questions about services and repair issues
- Congress envisioned “one-stop shopping”, which would include post-sale activities
- The term “customer care”, including customer inquiries for services and repair, is considered marketing and falls under section 272(g)(3)



The FCC's Qwest Order

- The Order does not change the definition of marketing & sales, but rather relates to the issue of “providing” in-region interLATA services in a pre-271 relief scenario
- Post-271 relief, BOCs are allowed to offer post-sale customer care under section 272(g)(3)



Product Development

- Treated as valued customers, BOCs develop access products for the IXC's on a non-discriminatory basis today
- Changes to the telco network must be disclosed through the FCC's existing network disclosure requirements
- Information shared by the BOCs during the product development process, however, should not be subject to section 272(c)(1) obligations



Product Development

- At the very least, planning, design and development of the section 272 affiliate's retail products and services should be considered marketing & sales under section 272(g)(3)
- LD products that are jointly marketed by the BOC must be coordinated to ensure that information systems are in place to effectively market and sell those services
- BOC participation in retail LD product development should be considered joint marketing activities, and, therefore, covered by section 272(g)(3)



“Operate Independently”

- FCC rules need not be overbuilt with additional, extra-statutory requirements
- FCC rules should permit greater sharing of services
 - *Shared services affiliates or the parent should be allowed to provide Operations, Installation and Maintenance (OI&M) for the 272 affiliate*
 - *At the very least, the FCC should only require that the same shared services employee not provide OI&M for LD and the telco*
- IXC arguments that less sharing should be allowed are unfounded



Out-of-Region Information Services

- SBC believes that section 272 does not require a separate affiliate for out-of-region interLATA information services
 - *Non-discrimination is a moot issue out-of-region because there is no nexus to the ILEC local exchange network*
- Even if the FCC does not reconsider its decision to apply 272 requirements, there is no reason to retain these restrictions after February 8, 2000 -- sunset section 272 for interLATA information services

